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Administrative and budgetary aspects of the financing of the United Nations peacekeepii g operations: financing of the United Nations peacekeeping operations

Reform of the procedure for determining reimbursement to Member States for contingent-owned equipment

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the note by the Secretary-General (A/54/795) concerning the report of the Phase V Working Group on Reimbursement of Contingent-Owned Equipment, as well as the report of the Phase V Working Group (A/C.5/54/49). During its consideration of the documents, the Committee met with representatives of the Secretary-General, who provided additional information.

2. In accordance with General Assembly decision 53/480 of 8 June 1999 and resolution 49/233 A of 23 December 1994, the Secretary-General convened the Phase V Working Group from 24 to 28 January 2000. Its mandate, as set out in resolution 49/233 A, was to review and update phase II and phase III standards. In addition, the Secretariat proposed that the Working Group develop a methodology to ensure consistent application in future reviews. Accordingly, the Working Group (a) proposed a methodology for the periodic revision of the rates in major equipment, self-sustainment and special cases; (b) recommended improvements with regard to some performance standards and reimbursement procedures; and (c) adopted, with the exception of amendments in paragraph 86 (a) to (l) of the report of the Working Group, the proposal by the Secretariat concerning medical support services.

3. As indicated in paragraph 3 of the note by the Secretary-General, owing to time constraints and the lack of sufficient data from troop-contributing countries, the Working Group was unable to develop new rates for major equipment and self-sustainment categories. In August 1999, a note verbale was sent to Member States inviting them to participate in the Working Group and requesting them to submit costing data on major equipment and self-sustainment by 30 September. The Advisory Committee was informed that, when the meeting of the Working Group was held in January, only two Member States had submitted data that could be utilized for the purpose of developing new rates. In addition, the Committee notes the observation in paragraph 89 of the report of the Working Group that the time available to the Working Group (24-28 January 2000) did not permit it to develop new rates.

4. For the reasons set out above, the Phase V Working Group recommends that, upon approval by the General Assembly of its report, the Assembly request the Secretariat to collect all relevant data, and that the Secretary-General convene a post-Phase-V Working

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Group for not less than 10 working days in January/February 2001 to validate the mechanism by which revised rates would be determined by the General Assembly to be included in the Manual on Policies and Procedures concerning Reimbursement and Control of Contingent-owned Equipment of Troop-contributing Countries Participating in Peacekeeping Missions (the COE Manual) (A/C.5/54/49, paras. 91 and 92).

5. **In the opinion of the Advisory Committee, the convening of a post-Phase-V Working Group should be contingent on the receipt of sufficient data from Member States. The Committee therefore recommends that the Secretariat be instructed to collect data from Member States and to report to the General Assembly on the extent of its success in that regard. The Assembly could then convene the post-Phase-V Working Group on such a date as it deems appropriate. The Committee also recommends that the 1995 rates continue to be used until sufficient replies and data are received for a review to be conducted.**

6. In respect of the revision of the COE Manual, the Advisory Committee recalls paragraph 29 of its report of 6 May 1999 (A/53/944), in which it stated its view that it would be best to wait for the completion of the work of the Phase V Working Group before issuing an updated Manual. Upon enquiry, the Committee was informed that the Manual had been revised to include the recommendations of the Phase IV Working Group. Further revisions would be made following the outcome of the post-Phase-V Working Group, should the General Assembly decide to convene it. **In the opinion of the Committee, the Manual should be revised immediately after the Assembly has taken action on the recommendations of the Phase V Working Group and should be translated into the working languages of the United Nations.**

7. The Advisory Committee notes that the report of the Working Group and the note by the Secretary-General indicate that there is general agreement between the Secretariat and the Working Group concerning the recommendations of the Working Group. Upon request, the Committee was provided with detailed information concerning the differences in the views of the Secretariat and the Working Group and the issues that require further review (see annex I), as well as an assessment by the Secretariat of the estimated impact of the application of selected recommendations of the Working Group (see annex II).

8. Upon enquiry, the Advisory Committee was informed that delays in the signature by troop-contributing countries of memorandums of understanding with the United Nations persisted, sometimes for up to one year after negotiation. In this connection, the Committee recalls paragraph 12 of its report of 6 May 1999 (A/53/944), in which it stressed the need for the memorandum of understanding to be finalized and signed before the deployment of contingents and contingent-owned equipment. **The Committee is concerned that the deployment of contingents and equipment before receipt of a signed memorandum of understanding is somewhat risky; however, it was informed that it is the policy of the United Nations that no reimbursement is made for contingent-owned equipment until such time as a signed memorandum of understanding has been returned.** Upon request, the Committee was provided with information on the status of signature of memorandums of understanding for peacekeeping missions (see annex III).

Annex I

Recommendations of the Phase V Working Group and the Secretariat

Serial	*Issue*	*Phase V Working Group's recommendation for approval by the General Assembly*	*Secretariat's view*	*Issues requiring further review by post-Phase-V Working Group*	*Secretariat's view*
1.	Methodology for periodic review of major equipment	Existing COE rates will be updated by means of an indexing methodology: troop contributors will determine percentage change in generic fair market value from 1995-1999 and submit index for each category of major equipment to Secretariat for averaging with indices from other troop contributors (paras. 22-25).	Recommends approval.	Determine rates based on data from troop contributors consolidated by the Secretariat (para. 94).	In agreement.
2.	Rate review frequency for major equipment	Adoption of a triennial rate review as an agenda item, and a comprehensive review of rates at General Assembly's request or every fifth cycle, i.e., 15 years (para. 26).	Recommends approval.		
3.	Standardization of special cases — major equipment	Incorporation of special equipment as part of sub-categories of major equipment: (a) remove "radar" and replace with "All radar" and as "special case"; (b) divide main battle and recovery tanks into "heavy" and "medium", and other tanks as "special case"; (c) water tanks/bladders, fuel tanks/bladders and water purification station to be added (para. 36).	Recommends approval.	Establish rates for newly standardized major equipment.	
4.	Painting and repainting of vehicles			Different categories of major equipment requiring painting to be grouped into larger groups (reflecting repainting as more expensive); troop contributors will provide Secretariat with necessary data per group to calculate average price (paras. 44-45).	Believes only one standard rate for repainting and repainting of equipment should be established.

Serial	*Issue*	*Phase V Working Group's recommendation for approval by the General Assembly*	*Secretariat's view*	*Issues requiring further review by post-Phase-V Working Group*	*Secretariat's view*
5.	Methodology for periodic review of self-sustainment rates	Concept of an average troop contributor methodology based on averaging nationally adjusted historically-based self-sustainment rates, consolidated by Secretariat, excluding lowest and highest rates supplied by troop contributor (paras. 49 (b) and 52 (b)).	Recommends approval.	Determine an average figure based on data from troop contributors consolidated by the Secretariat (para. 94).	In agreement.
6.	Self-sustainment standards review	Catering standards will include changes with regard to kitchen facilities and equipment, including deep freeze, cold and dry food storage, dishwashing capabilities and hygienic equipment; Furniture standards will include "other appropriate furniture to provide an adequate living space"; Welfare standards will state the following "appropriate levels of equipment and amenities for the morale and well-being of troop contributor personnel" (para. 60).	Recommends approval of catering standards; however, if furniture standards are lowered, reimbursement rate should be reduced accordingly. Believes the welfare standard is too vague to allow for verification, and recommends the inclusion of television, VCRs, sports equipment and games.		
7.	Inland transportation			Method for claiming reimbursement for inland transportation, from agreed originating location to point of embarkation, to include: (a) climatic changes; (b) environmental changes; (c) border crossings; (d) changes of transportation mode (para. 67).	In agreement, with the exception of 9 (a) and (b), as no basis for reimbursement was advanced by the Phase V Working Group on these factors.

Serial	Issue	Phase V Working Group's recommendation for approval by the General Assembly	Secretariat's view	Issues requiring further review by post-Phase V Working Group	Secretariat's view
8.	Reimbursement for flak jacket (fragmentation vest)	Inclusion of flak jacket (fragmentation vest) in soldier's kit; specialist flak jacket "personal protection" will, however, be included under self-sustainment as unique equipment; retroactive reimbursement for increased flak jacket commitment requested (para. 78).	Flak jacket (fragmentation vest) is included in soldier's kit. Secretariat believes that troop contributor should be reimbursed for specialist flak jacket where required by United Nations or if troop contributor unable to provide, United Nations will procure item. Specialist flak jacket was not required by UNPREDEP.	Secretariat review of US$ 65 rate per month for personnel clothing, gear, and equipment allowance under troop cost.	The rate of $65 per person per month for personal clothing, gear and equipment issued by Governments to their troops became applicable in accordance with a decision taken by the General Assembly at its 2440th meeting, on 15 December 1975 (see A/54/763, para. 6).
9.	Medical support services	Secretariat Phase IV proposal recommended for approval with following additions/ modifications: (a) Annex H-1-3; (b) Levels I, II and III supported troop strength changed to battalion level, brigade level and as operationally defined, respectively; and strength of medical units personnel to be counted as an approximation; (c) Replace the term "force-wide" by the term "force level" to allow for reimbursement for major equipment costs for services provided to others; (d) Laboratory included in level I on request of the United Nations, must be reimbursed; (e) Delete all references to reimbursement for dental and lab services only for one level, lab included in annex F, and all references to "blood and blood products" and replace latter with text that United Nations will provide blood and blood products;	Recommends approval with the exception of (c). The term "force level" requires further review. Major equipment should be reimbursed only if medical services are provided to all personnel within a given area of operations.	Convene expert group to: Review rates based on modular approach; Define major/minor equipment by means of threshold value of US$ 1,500; Reduction of useful life of medical equipment from 8 to 5 years; Pre-deployment immunization and post-repatriation medical examination costs; Reimbursement for vehicles (under major equipment) and personnel (under standard troop	Agrees with review of rates and modular approach and with review of pre-deployment immunization and post-repatriation medical examination costs. The reduction of the lifespan of medical equipment from 8 to 5 years is reasonable. However, the threshold of US$ 1,500 is too low for major equipment and objects to the grouping of several minor equipment in order to reach the threshold level for major equipment. This would set a precedent

Serial	Issue	*Phase V Working Group's recommendation for approval by the General Assembly*	*Secretariat's view*	*Issues requiring further review by post-Phase-V Working Group*	*Secretariat's view*
		(f) Estimated useful life (years) of equipment reduced from 8 to 5; (g) Generic Fair Market Value for level I should be changed to US$ 140,800, instead of US$ 163,600; (h) New system will only reimburse a country for level of support provided not for multiple levels if other levels of support are provided by other countries (para. 86).		strength) for evacuation by road; Reimbursement for aircraft and personnel for air evacuation under letter of assist (para. 87 (c)).	for combining several minor equipment to be reimbursed as major equipment in other categories, and affects the simplicity and transparency of the new system. Reimbursement for medical evacuation (by road or air) is already covered by United Nations.
10.		General Assembly should request the Secretariat to collect all relevant data and the Secretary-General convene a post-Phase-V Working Group in January/February 2000, open to all Member States, to complete the mandate of the Phase V Working Group (para. 92).	Recommends approval.		

Annex II

Estimated impact of the application of selected Phase V Working Group recommendations

Serial	*Recommendations*	*Financial implications*	*Comments by the Secretariat*
1.	Inland transportation — reimbursement for climatic and environmental changes (para. 67).	Undetermined.	No basis for reimbursement advanced by the Phase V Working Group.
2.	Reimbursement for specialist flak jacket (para. 78 (b)).	One claim in the amount of $24,090 ($33 per month per flak jacket for 146 troops for 5 months).	Not an operational requirement for UNPREDEP. Where required by the United Nations, if not available with troop contributor, the United Nations will have to purchase.
3.	Replace "force-wide" by "force-level" in annex H, defined as providing medical support to elements of the force other than troop contributor's own units and entitled to reimbursement for major equipment (para. 87 (e)).	Reimbursement for major equipment (5 year life) for a level II hospital would be $13,295 per month.	Reimbursement for major equipment should only be made if services are provided to all personnel within a given area of operation.
4.	Definition of major/minor medical equipment by means of a US$ 1,500 threshold (para. 87 (a) (ii)).	Undetermined.	Secretariat believes the $1,500 used to classify expendable and non-expendable equipment is too low a threshold for major equipment. Minor equipment is currently reimbursed under self-sustainment; grouping of several minor equipment to reach the $1,500 threshold to be reimbursed as major equipment sets precedent for same procedure to be applied to other non-medical categories. All equipment (major and minor) have been included in annex H for levels I, II and III medical facilities.
5.	Medical evacuation — by road and by air (para. 87 (c)).	Ambulance (military pattern), ambulance (truck), and ambulance (armoured rescue) are $1,050, $817 and $1,549 per month, respectively. $3,000 per hour for air charter services and cost of accompanying doctor and nurse at $2,000 per day; the typical cost for a 24-hour air ambulance amounts to $76,000.	Ambulances are currently reimbursed under major equipment and personnel under troop cost. Secretariat has a voluntary contribution for air ambulance service amounting to US$ 250,000 per annum. For medical evacuations to recognized regional medical centres, Secretariat uses existing commercial aircraft and helicopters in theatre. If a Member State uses its own aircraft for medical evacuation, reimbursement is limited to cost that would have been incurred by the Secretariat, provided medical evacuation and destination have been approved by the United Nations.

Annex III

Information on the status of memorandums of understanding (MOU)

Mission	*Country*	*Under negotiation*	*Date MOU sent for signature*	*Date signed MOU received*	*Time elapsed*
MINURCA	A		17 August 1998	26 November 1998	3 months
	B*		8 June 1998	8 July 1999	1 year
	C		11 November 1998	13 November 1998	2 days
	D		30 November 1998	2 December 1998	2 days
	E (I)		4 January 1999	30 January 1999	26 days
	E (II)		11 November 1999	16 November 1999	5 days
	E (III)		11 November 1999	16 November 1999	5 days
	F (I)		16 December 1998	16 January 1999	1 month
	F (II)		16 December 1998	16 January 1999	1 month
	G		16 November 1998	21 December 1998	1 month
	H		1 December 1998	2 December 1998	1 day
	I		11 November 1998	1 December 1998	20 days
	J		17 August 1998	16 December 1998	4 months
MINURSO	A		4 February 1999	8 August 1999	6 months
	B		27 October 1998	15 February 1999	3 months
MIPONUH	A		11 December 1997	15 January 1998	1 month
	B		15 January 1998	15 January 1998	same day
MONUA	A		17 September 1999	21 October 1999	1 month
	B	X			
	C	X			
	D		5 November 1998	16 December 1998	1 month
	E	X			
	F	X			
UNAMSIL	A		30 December 1999	10 January 2000	11 days
	B	X			
	C	X			
	D		12 January 2000	22 February 2000	1 month
	E (I)		30 December 1999	10 January 2000	11 days
	E (II)		17 February 2000	17 February 2000	same day
	E (III)	X			
UNDOF	A**		6 February 1997	7 February 1997	1 day
UNFICYP	A	X			
	B***		9 November 1999	23 December 1999	1 month
	C	X			

Mission	*Country*	*Under negotiation*	*Date MOU sent for signature*	*Date signed MOU received*	*Time elapsed*[a]
UNIFIL	A	X			
	B		10 January 2000	15 February 2000	1 month
UNOMSIL	A		27 December 1999	31 January 2000	1 month
UNPREDEP	A		11 November 1998	20 November 1998	9 days
	B		18 June 1998	1 July 1998	13 days
	C		24 November 1998	19 February 1999	3 months
	D		28 January 1998	19 June 1998	4 months
	E		11 January 1999	22 February 1999	1 month
UNTAES	A			12 September 1997	
	B			9 February 1998	
	C			26 February 1998	
	D		26 May 1999	9 August 1999	2 months
	E			31 March 1997	
	F			Retroactive	
	G		19 November 1997	26 October 1998	1 year
	H			20 October 1998	
	I			No MOU	
	J (I)			5 February 1997	
	J (II)			2 April 1998	

[a] In many instances, the formal submission of a memorandum of understanding is delayed pending additional information to be supplied by a troop contributor.

UNTAET: Discussions have been held with 23 troop contributors.
UNMIK: Memorandums of understanding are being finalized with 5 troop contributors.

[*] Memorandum of understanding delayed due to changes made to the terminology at the request of the country.
[**] Agreement.
[***] Personnel contribution only.